



MEMBERSHIP

February 27, 2018

(Translated from the Japanese original)

Company Name: TIS Inc.  
Representative: Toru Kuwano, President  
Stock Listing: First Section of the Tokyo Stock Exchange  
Stock Code: 3626  
Contact: Masakazu Kawamura, Department Manager  
of Corporate Management Dept.  
Phone: +81-3-5337-4569 (in Japan, 03-5337-4569)

## Notice Regarding Disposition of Treasury Stock Through Third-Party Allotment of Shares

The Board of Directors at TIS Inc. (hereafter, “the Company”) resolved on this date that the Company would execute a disposition of treasury stock through a third-party allotment of shares. Details are provided below.

### Details

#### 1. Summary of disposition

(1)	Date of disposition	March 20, 2018
(2)	Number of shares to be disposed	516,400 shares
(3)	Disposition price	¥ 3,960 per share
(4)	Amount to be raised	¥ 2,044,944,000
(5)	Subscriber	The Nomura Trust and Banking Co., Ltd. (TIS INTEC Group Employees’ Shareholding Association Exclusive Trust Account)
(6)	Other	This disposition of treasury stock is conditioned upon a statement, filed under the Financial Instruments and Exchange Act, taking effect.

#### 2. Purpose and reason for disposition

A decision was made at the Board of Directors meeting today that the Company would introduce an E-Ship® Trust-Type Employee Stock Ownership Incentive Plan (hereafter, “the Incentive Plan”) for employees of the Company and the entire TIS INTEC Group. The purpose is to promote constant development of the TIS INTEC Group by motivating employees to approach their work with greater enthusiasm, and this will be accomplished by providing incentives to raise the medium- to long-term corporate value of the Group, enriching the employee welfare program, and facilitating capital participation as shareholders of the Company. This disposition of treasury stock will be directed toward The Nomura Trust and Banking Co., Ltd. (TIS INTEC Group Employees’ Shareholding Association Exclusive Trust Account), which was set up for implementing the Incentive Plan. For an outline of the Incentive Plan, please refer to the press release “Notice regarding Implementation of a Trust-Type Employee Stock Ownership Incentive Plan,” dated today.

The number of shares in the disposition will be equivalent to the number likely purchased

by the TIS INTEC Group Employee Stock Ownership Plan through The Nomura Trust and Banking Co., Ltd. (TIS INTEC Group Employees' Shareholding Association Exclusive Trust Account) over the next three years, based on current actual annual purchases by the Employees' Shareholding Association of TIS INTEC Group. The level of dilution is deemed acceptable. For reference, the level of dilution was about 0.59% to the total number of shares outstanding (percentage to total number of voting rights (848,846) as of September 30, 2017: 0.61%).

#### **Outline of Trust Agreement**

Trustor:	The Company
Trustee:	The Nomura Trust and Banking Co., Ltd.
Beneficiaries:	Employees who meet beneficiary eligibility criteria (must complete certain procedures once eligibility as beneficiary is confirmed)
Trust administrator:	Selected by employees of the Company
Date of trust contract:	February 27, 2018
Trust period:	From February 27, 2018 to March 10, 2021
Purpose of trust:	Stable and continuous supply of shares to the Employees' Shareholding Association of TIS INTEC Group and distribution of trust assets to those employees who meet beneficiary eligibility criteria
Exercise of voting rights:	The trustee will exercise voting rights related to Company shares, based on instructions from the trust administrator.

#### **3. Basis for calculating amount to be paid and specific details thereof**

The purpose of this disposition of treasury stock is to implement the Incentive Plan, which is a stockholding program for employees. To ensure non-arbitrary valuation, the disposition price shall be set at ¥3,960, the closing price of Company shares on the Tokyo Stock Exchange on February 26, 2018 (the business day immediately preceding the day on which the Board of Directors made its decision on the Incentive Plan). It is the market price on the day prior to the meeting at which the Board of Directors made its decision and is deemed reasonable. Note that the above value has i) a 2.01% rate of divergence relative to the average closing price of ¥3,882 (rounded down to nearest one yen) for Company shares on the TSE over a one-month period (from January 26, 2018 to February 26, 2018), ii) a 0.64% rate of divergence relative to the average closing price of ¥3,935 (rounded down to nearest one yen) for Company shares on the TSE over the last three months (from November 27, 2017 to February 26, 2018), and iii) a 8.85% rate of divergence relative to the average closing price of ¥3,638 (rounded down to nearest one yen) of Company shares on the TSE over the last six months (from August 25, 2017 to February 26, 2018).

In view of the above, the disposition price for this disposition of treasury stock would not be considered particularly advantageous and is therefore deemed reasonable.

All members of the Audit & Supervisory Board, which includes three external members who attended the Board of Directors' meeting, were also of the opinion that the amount to be paid is not particularly advantageous to the disposition target since the purpose of the third-party allotment is to implement the Incentive Plan and the disposition price is the closing price on the day before the decision was made by the Board of Directors to implement the Incentive Plan.

#### **4. Procedures based on the Corporate Code of Conduct**

In this third-party allotment, i) the dilution rate is less than 25%, and 2) no changes in controlling shareholders will follow (and even if all new share subscription rights or all rights to acquire are exercised, no change in the status of controlling shareholders is expected).

Therefore, this third-party allotment is not subject to procedures requiring the opinion of an independent third-party and does not require approval from shareholders, as described in Article 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange.

END